

## Expert: Prepare for health reform changes now

### Post-reform financial outlook is grim

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**N**o implementation details are yet available for federal healthcare reform, but most healthcare providers feel sure about one thing: From a financial standpoint, the changes don't look good.

Healthcare providers cannot do business as usual, said David Williams, a partner at HORNE LLP, a CPA and business advisory firm. Healthcare providers must anticipate "delivery system changes" and evaluate services now before reform provisions kick in, he said.

Yes, we have the broad strokes of a law passed, but as far as implementation goes, the regulations will be the "devil in the details," said Williams. The IRS will be involved in writing regulations through new tax code, and the Centers for Medicare and Medicaid Services (CMS) will also be responsible for implementation, Williams said.

For high-cost areas, such as radiology and cardiology, HORNE recommends that physicians should find ways to increase efficiency, because profit margins may get worse. For services often serving a large number of uninsured or underinsured patients, the bottom line could improve.

But overall, reductions to service reimbursements could likely outweigh the revenue pick up from previously uninsured patients who will now be covered under Medicaid.

The net cost of the Patient Protection and Affordable Care Act (H.R. 3590) is \$940 billion over the next 10 years. There is an estimate that Medicare funding will be cut by \$500 billion over the next 10 years. That makes the overall cost of the bill \$1.4 trillion, Williams said.

Cost of services is key: You must understand where your revenue comes from and anticipate how it will change in the future, said Williams, who cautions physicians not to operate as if the bill will be repealed.

"From a hospital standpoint, you really have to take a look at this... There's no new money coming in," Williams said.

The Mississippi Hospital Association (MHA) is also unsure about whether reform will have an overall negative effect on hospitals.

The MHA, under the umbrella of the American Hospital Association (AHA), "worked to make sure the healthcare reform legislation included the highest level of healthcare coverage possible," said Shannon Coker, MHA director of advocacy and communications.

"While the impact is still unclear, it is our hope this coverage level will outweigh the impact of reimbursement reductions to hospitals. MHA will continue to closely monitor the situation to help ensure that hospitals are able to continue providing access to high-quality healthcare that is essential to the patients and communities we serve," Coker said.

Williams estimates that adding more Mississippians to the Medicaid rolls as mandated under H.R. 3590 could cost the state \$136 million. Under the bill, Medicaid coverage will be extended to people who make up to 133 percent of the federal poverty level. Nationwide, a single person making \$10,830 or less annually is considered to be in poverty, according to federal standards. The salary cap increases with family size.

Approximately 20 percent of Mississippians are currently covered by Medicaid. The state pays for one-quarter of Medicaid services, and the federal government pays for the rest.



Williams